

FEES IN AUSTRALIAN HIGHER EDUCATION

■ Ian Dobson

Most students in Australia now make a contribution towards the cost of their higher education, although not all students are paying the same proportion of the costs of their courses. Even though the Australian Government has tightened up its fee-paying regulations, a loophole remains for some overseas-born students who have permanent-resident status but who may leave after completion of their course.

In 1974 the Whitlam government abolished fees for tertiary education. By the mid-1980s, fees were reintroduced for some students, under certain circumstances. Since 1989, most students have been contributing to the cost of their courses.

OVERSEAS STUDENTS

In 1987, overseas students¹ were required to pay an 'Overseas Student Charge' (to the Government's Overseas Students Office) which amounted to 45 per cent of the cost of the average course. These students then became known as 'subsidised' overseas students.

From 1990, overseas students were required to pay full fees. The fees charged were required to cover the cost of capital as well as tuition.² In 1993, full fees for overseas students varied from about \$9,500 per annum for low-laboratory courses, to over \$23,000 per annum for courses such as medicine. By 1993, subsidised overseas students had all but graduated out of the system, and there were few students paying the overseas student charge.

It can be argued that the fees being charged to full-fee paying overseas students are reasonable, because they cover the *full* cost of tuition plus a capital component. The fees are set competitively between universities, allowing market forces to set broad fee levels.

AUSTRALIAN UNDERGRADUATE STUDENTS AND MOST AUSTRALIAN POSTGRADUATE STUDENTS

In 1989, the government introduced the Higher Education Contribution Scheme (HECS) for Australian students, (including New Zealand students and other students with permanent resident-status). In its first year, HECS was set at \$1,800, which was about 20 per cent of the average cost of tuition for a higher education place. Thereafter, increases in HECS were to be pegged to increases in the cost of living, as measured by the Consumer Price Index. By 1993, the annual HECS fee was \$2,328. HECS is by far the most common fee paid by higher education students; more than 80 per cent of total enrolments pay HECS.

It can be paid in two ways. By paying up front, students can receive a discount of 25 per cent (15 per cent prior to 1993). Alternatively, by electing to pay through the taxation system, students can defer their commitment until their taxable income reaches \$27,748. Using this method, automatic repayments of HECS via the tax system cut in once the student achieves this income.

Some students will avoid HECS if their income stays below the taxable income threshold. Setting the threshold against gross income rather than taxable income could limit this avoidance. Such

a policy would mean that even those students with a capacity to minimise taxable income via family trusts and other arrangements would have to meet their commitments.

All Australian students liable for HECS pay the same fee, irrespective of the cost of the course they are enrolled in. For instance, a student enrolled in a bachelor degree in medicine will be charged the same HECS fee as a student enrolled in a non-laboratory course in, say, arts or economics. The low-cost course students could argue that their HECS fee charges them more than 25 per cent of the cost of their course, while the student in a laboratory-based course will be paying only about 10 per cent of their course cost. Changing to a HECS regime which accounted for these cost differentials would be one way to move closer to a 'user pays' philosophy.

Changes in the 1993 Federal Budget sought to tighten HECS provisions. These included policies which would have required students taking second degrees to make a double contribution, and students taking more than one semester longer than minimum time to complete their courses would also have had to pay more (150 per cent). A case could be mounted in support of these provisions (in terms of equity and of the user-pays philosophy), but both were removed before the budget was passed.

AUSTRALIAN FEE-PAYING POSTGRADUATE STUDENTS

In 1986 for the first time, the government permitted the levying of fees on certain Australian postgraduate students. Since their inception, these fees have been set at a variety of levels, from levels which simply matched the HECS fee, through to genuine 'full fees', including a component for capital recovery. Some students preferred to pay a 'fee', as opposed to paying

HECS, because in certain circumstances it provided them with a legitimate tax deduction. For example, this was the case where the course was directly linked to the student's full-time employment.

Australian students paying postgraduate fees pay an appropriate rate provided the fee has been calculated on the basis of cost of the course. The proportion of students paying postgraduate fees will increase in the future, in light of the 1993 Budget decision to free the capacity for universities to charge postgraduate fees.

OTHER HECS EXEMPT STUDENTS

In addition to overseas full-fee paying students and Australian postgraduate fee-payers, there are a couple of other types of fees charged in higher education.

Until 1994, students enrolled in basic nurse education courses did not pay HECS, and the cost of their courses was funded by state governments. About four per cent of the total student body fell into this category.

Some other students (about 4.7 per cent) do not pay HECS. In 1993 this group included some postgraduates who were exempt from HECS and teachers receiving awards for professional development. (Postgraduates on scholarship have HECS paid for them.)

As Table 1 shows, overseas students comprised about 6.4 per cent of the total of all enrolments in Australian Higher education in 1993. Most of these students were paying full fees.

Most Australian students are HECS-liable. Other small groups (such as certain scholarship holders and students enrolled in basic nursing courses) are exempt. About 2.6 per cent of Australian students paid postgraduate fees.

By 1993 then, nearly all students in Australian higher education should have

Table 1: Distribution of enrolments in Australian higher education by type of fee, 1993

Enrolment type	%
Overseas students	
Overseas student charge	0.2
Full fee paying	6.2
Australian students ^(a)	
HECS liable	80.4
HECS exempt	
Postgraduate fees	2.6
Basic nursing students	4.0
Holders of P/G scholarships	4.7
Other	1.9
Total	100.0

^(a) Includes New Zealanders and permanent residence holders

Source: DEET, Selected Higher Education Statistics 1993, Table 49, p. 77

been making some contribution towards the cost of their education, or some contribution was being made on their behalf through scholarships.

FEES FOR STUDENTS WITH A PERMANENT HOME BASE OVERSEAS

There is a group of overseas-born students who are liable to pay HECS, rather than full fees, because they have permanent-resident status. But despite this status, they give a permanent home address that is overseas. An analysis of data files obtained from the Department of Employment, Education and Training (DEET) shows that there are at least 2,515 students in this category. This number includes 575 students who were Australian-born. Most of the remaining 1,940 overseas-residing students are recent arrivals to Australia, with only 528 of them having arrived in Australia prior to 1987.

An additional 2,390 students with Australian residency rights had no home residence recorded in the data files held by DEET, and it is probable that some

of these would live overseas. Five hundred and eight of these students were overseas-born, 1,067 were born in Australia and there was no information on the birth place of 815 others.

If these overseas-resident students had opted to pay HECS via the taxation system, they, like all HECS-liable students, would have no requirement to repay their liability until they reached the income threshold of \$27,748 per annum. If they left Australia without earning this income here, it is possible that no HECS contribution would be made. The professional job market in countries like Hong Kong, Singapore and Malaysia is more buoyant than Australia's.³ This could make the idea of leaving Australia even more attractive.

A procedural change brought in for 1993 required citizens of New Zealand who had lived in Australia for less than two years to meet their HECS liability 'up-front', but there is no such requirement for permanent residents from other countries. Had these overseas-dwelling students been classified as 'overseas' students, they could have generated over \$25 million in course fees.

Table 2 shows the country of residence of students with permanent-resident status in Australia and a home address overseas. Overseas students paying full fees are excluded.

FEES FOR OTHER STUDENTS WITH PERMANENT-RESIDENT STATUS

It is possible that students who declared their permanent home residence to be Australia could intend to leave Australia at the end of their studies. This, of course, would not apply to most migrants who have been brought up in Australia. But those who do leave could avoid paying any HECS. This together with better job prospects overseas might

motivate such a strategy. There is no way to use DEET data to test this theory or to measure the incidence of such practices (if any). A close scrutiny of emigration statistics would be needed for this.

Table 3 shows the numbers of arrivals to this country among overseas-born students with permanent-resident status in Australia. More than 17,500 overseas-born students with this status

Table 2: Higher education enrolments by students with permanent-resident status in Australia, by country of permanent overseas home address, at 31 March 1993

Home residence	No.
Hong Kong	353
Malaysia	238
Singapore	105
Sri Lanka	67
Viet Nam	52
United Kingdom	105
New Zealand	480
Papua New Guinea	139
USA	92
Japan	48
India	93
All Other	743
TOTAL	2,515

Table 3: Higher education enrolments of students born overseas with permanent-resident status in Australia by year of arrival, at 31 March 1993

Year of Arrival	No.
Arrived before 1987	92,005
Arrived in: 1989	6,147
1990	4,726
1991	3,887
1992	2,460
1992	335
Total 1989 to 1993	17,555
Unknown	13,236
TOTAL	122,796

have arrived in Australia since 1989 and are now enrolled as local students (Table 4). With the exception of the Vietnamese, many of these overseas-born students are in the category identified earlier as likely to have an interest in returning home for employment. Hugo has recently argued that the movement of Australian trained professionals to Asia is likely to increase.⁴ Their numbers will probably include many of those of Asian birth who have recently arrived here and are currently enrolled as local students.

Table 4: Higher education enrolments of students born overseas with permanent-resident status in Australia by country of birth who arrived in 1989 or later, at March 1993

Birthplace	No.
Hong Kong	2,897
Malaysia	1,416
Viet Nam	972
Singapore	412
Britain	1,543
New Zealand	1,155
Sri Lanka	895
India	943
PRC	574
Other o/s country	6,748
Total	17,555

CONCLUSION

Fees for overseas students and fees for some postgraduates are set on the basis of total cost recovery, but people paying these fees account for only about nine per cent of all enrolments. HECS remains the most common fee paid by consumers of Australian higher education, but it is possible for some groups of students to avoid paying it. The same HECS fee is charged for all students, irrespective of the actual cost of their course. It is unfair that some students pay a higher proportion of the cost of

their education than others. Even more disturbing, those who leave Australia on completing their course, with a heavy Australian investment in their skills, could pay nothing at all.

References

- ¹ The Department of Employment, Education and Training (DEET) defines an overseas student as a student who is *not* one of the following:
an Australian citizen;
a citizen of New Zealand; or

the holder of a permanent entry permit. See Higher Education Student Data Collection: Main Documentation (DEET), 1988, p. 132.

- ² DEET Higher Education Funding for the 1990-92 Triennium, p.15
- ³ Pacific Economic Cooperation Council, Human Resources Development Taskforce, *Human Resources Outlook 1993-1994*, Times Academic Press, Singapore, p. 34
- ⁴ G. Hugo, *The Economic Implications of Emigration from Australia*, AGPS, Canberra, 1993, pp. 116-120

IMPLICATIONS OF THE NOVEMBER 1993 AND JANUARY 1994 AMNESTIES: HOW MANY WILL BE AFFECTED AND AT WHAT COST?

■ Bob Birrell

There are major ramifications of the government's amnesties, some of which have not been anticipated. These include an upsurge in asylum claims and serious costs to the universities flowing from the loss of overseas student full-fee revenue.

After several years of persevering with a 'fair but firm' policy on asylum seekers the Australian government suddenly capitulated on 1 November 1993. It announced that henceforth all those who were former nationals of the People's Republic of China (PRC) and who had arrived in Australia before the Tienanmen massacre in June 1989, plus their spouses and children in Australia, would be granted permanent residence. The decision gives permanent residence status to about 28,550 people. Few were surprised by the announcement because Mr Hawke, while Prime Minister, had promised that none of this group would be repatriated against their will. This promise pre-empted any possibility of a case-by-case analysis of their refugee claims.

The accompanying announcement that PRC nationals who arrived here after June 1989 would also be eligible for permanent residence was

unexpected. Subject to certain educational, business employment and English-language competency tests, they were permitted to apply for permanent residence too, if they had applied for asylum by 1 November 1993. All other asylum claimants, regardless of country of origin were given the same concession. The details of eligibility for this amnesty were announced in January 1994 when a new visa category, class 816, entitled 'Special Permanent Entry Permit' was created. No account was to be paid to the merits of the original asylum claim. This was a surprising decision because the government had repeatedly advised these people that they would not be eligible for any special concessions. Thousands of post-Tienanmen PRC arrivals had applied for asylum, with almost all those processed having been rejected by the government's new refugee review system. Yet they were now to be given access to